

# UNDERSTANDING YOUR CUSTOMER



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**Department of the Navy**  
**Office of Small Business Programs**

**October 28, 2010**



# WHY DO WE NEED A NAVY AND MARINE CORPS?

of the World is covered by water

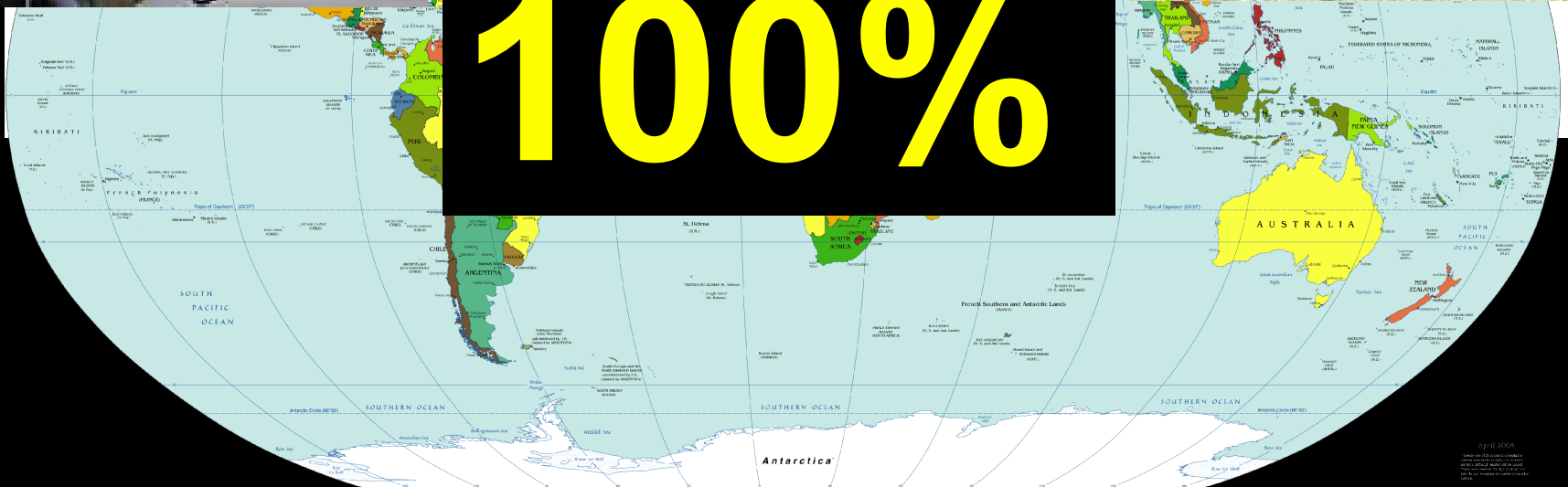
70%

80% of the world's population lives within 100 miles of the Ocean

80%

90%

100%







# The Navy Today

**Search & Seizure  
Team  
USS San Jacinto**



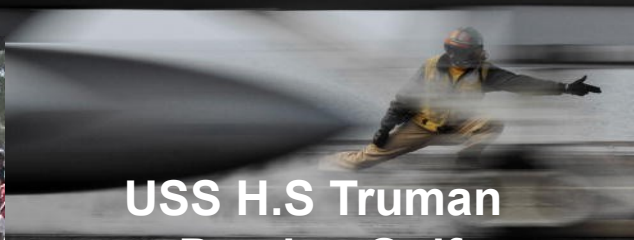
**11th MEU  
Horn of Africa**



**24th MEU  
Afghanistan**



**USS H.S Truman  
Persian Gulf**



**USS Carl  
Vinson  
Haiti**



**4th Marine Log  
Group  
Liberia**



**NMCB-1  
IRAQ**



# Mission



The Small Business Program promotes acquisition opportunities where small business can best support the needs of our Sailors and Marines. Through policy, advocacy and training we foster industry innovation, technology development and the acquisition of quality products, services and solutions from small business providers.

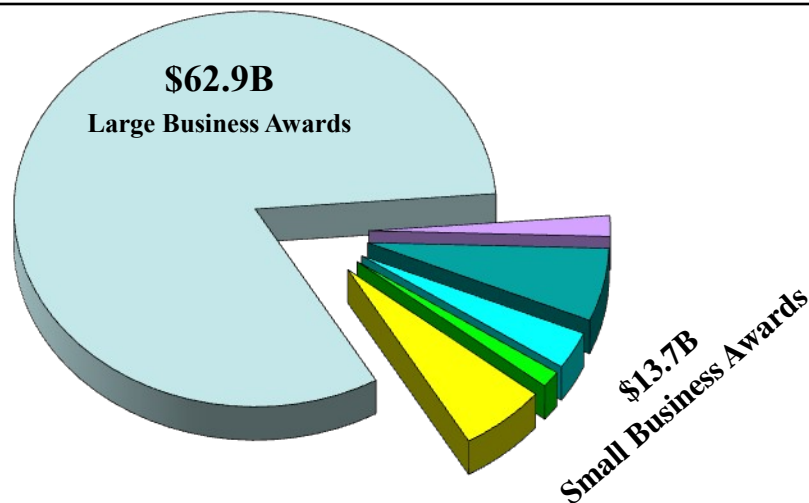






# DON FY-2010 Small Business Awards

***\$76.6B Total Contract Award***



□ Large Business Awards

□ HubZone

■ SDB

■ WOSB

■ SDVOSB

■ Small Business Awards

- **\$13.7B** in Prime Small Business Awards – 17.90%
  - \$1.3B HUBZone – 1.70%
  - \$4.6B SDB – 5.97%
  - \$2.3B WOSB – 3.06%
  - \$1.0B SDVOSB – 1.33%
  - \$4.5B Other Small Bus

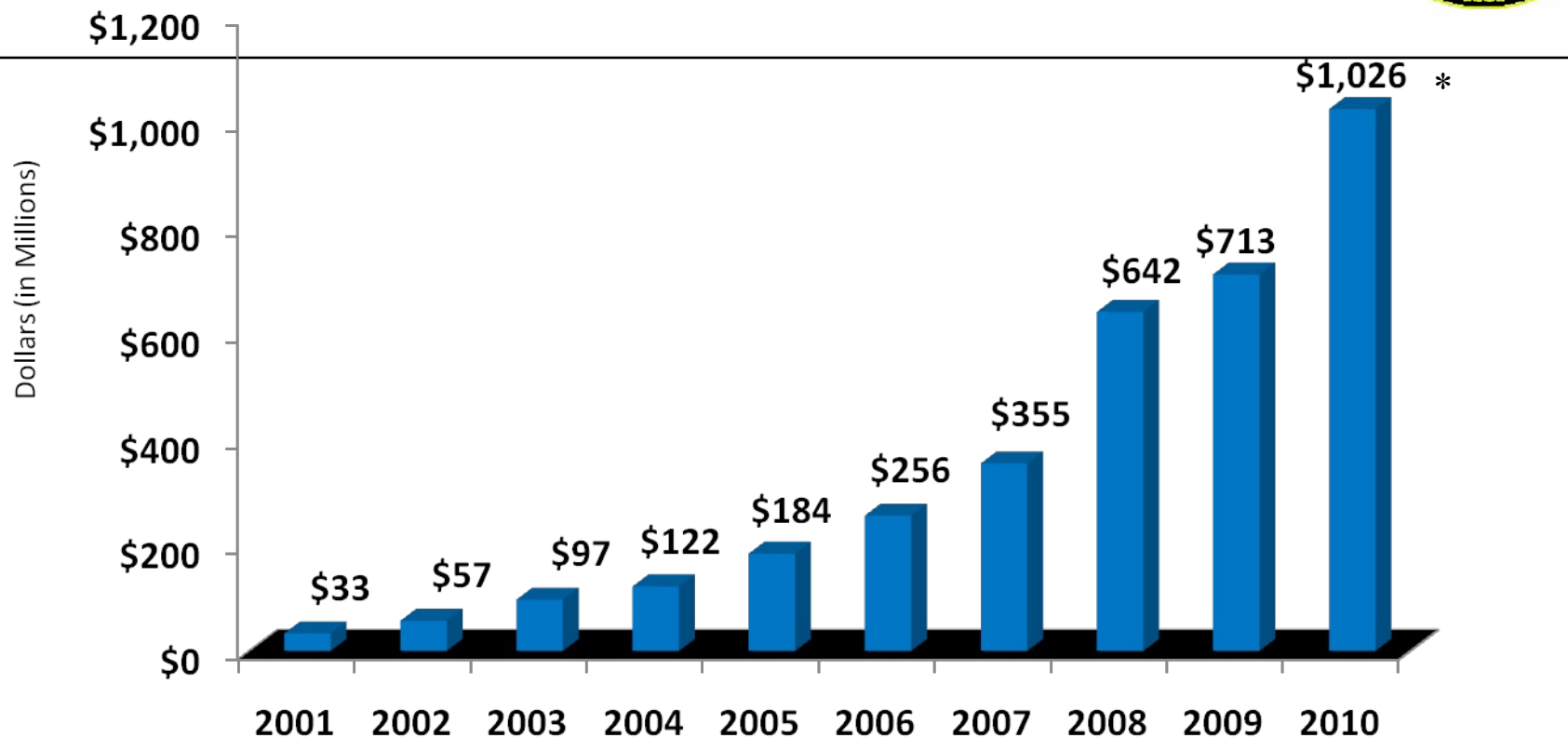


*Data from FPDS-NG  
October 5, 2010  
Preliminary Data*





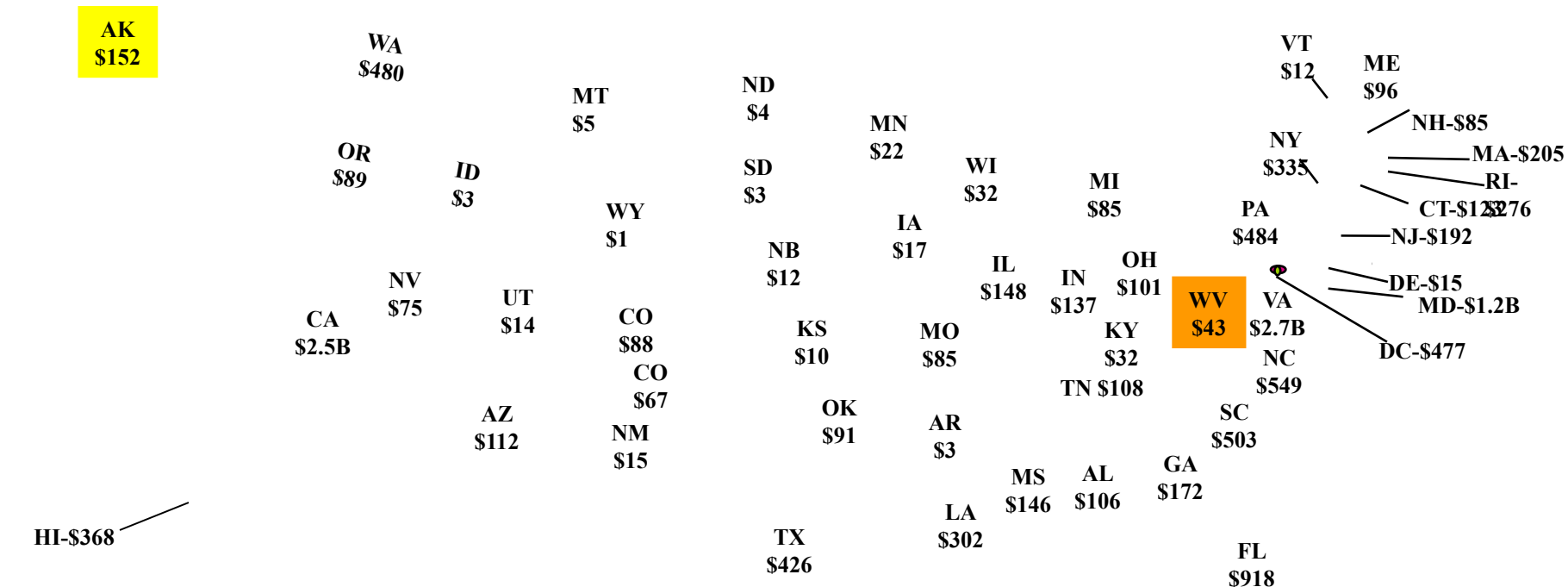
# SDVOSB Program Growth



\*Note: 2010 data is not validated



# US NAVY SMALL BUSINESS AWARDS



GUAM - \$\$166M  
PUERTO RICO-\$12M

**FY 09 SMALL BUSINESS  
AWARDS \$13.9 Billion**

FPDS-NG data as of 10 March 2010

- Over \$1 Billion
- Over \$300 M
- Over \$200 M
- Over \$100 M
- Over \$50 M
- Less than \$50 M
- Illinois



# DON Major Commands

*Identify your Customers*

Naval Supply Systems Command 703-604-1857	70% of Navy buys
Naval Sea Systems Command 202-781-3965	Shipbuilding
Naval Air Systems Command 301-757-9044	Aviation
Space and Naval Warfare Systems Command 619-524-7701	Technology / Communications
U.S. Marine Corps Installations and Logistics 703-614-6810	Ground Equipment
Marine Corps Systems Command 703-432-3946	Weapons and Sensors Development
Office of Naval Research 703-696-2607	R&D (SBIR)
Military Sealift Command 202-685-5565	Ocean Transportation
Strategic Systems Programs 703-601-9602	Undersea Systems
Naval Facilities Engineering Command 202-685-9129	Construction & Facilities



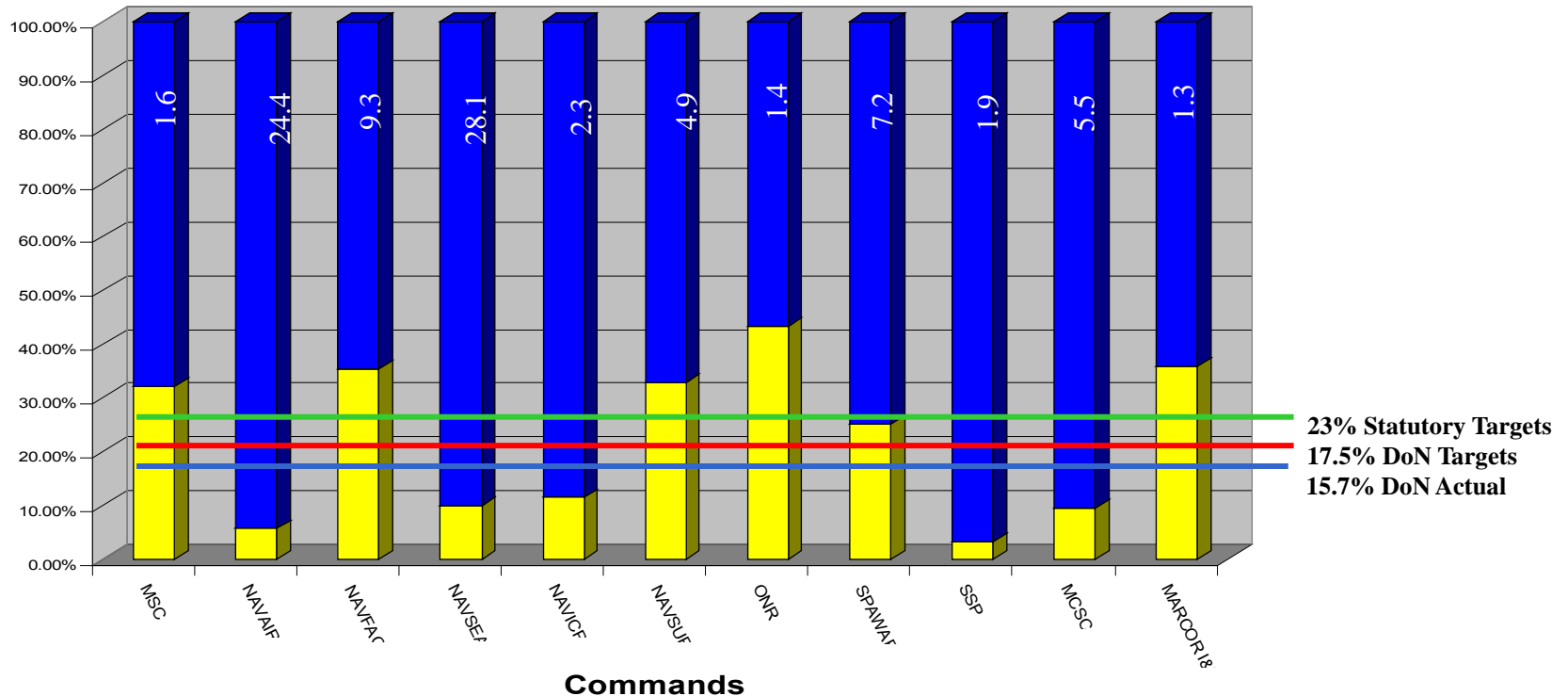


# DON FY 2009

## Small Business Awards



Billions



Large Business Awards

Small Business Awards



Data from FPDS-NG  
January 13, 2010





# DoN FY 2009 Top 10 NAICS

## *Determine Customer Needs*

6 digit NAICS Code (Description)	Total Dollars
541330 (ENGINEERING SERVICES)	\$16,185,821,813
336411 (AIRCRAFT MANUFACTURING)	\$15,525,171,971
336611 (SHIP BUILDING AND REPAIRING)	\$13,416,702,194
236220 (COMMERCIAL AND INSTITUTIONAL BUILDING CONSTRUCTION)	\$5,250,804,489
541710 (RESEARCH AND DEVELOPMENT IN THE PHYSICAL, ENGINEERING, AND LIFE SCIENCES)	\$3,548,238,355
334511 (SEARCH, DETECTION, NAVIGATION, GUIDANCE, AERONAUTICAL, AND NAUTICAL SYSTEM & INSTRUMENT MFG)	\$3,272,872,768
336412 (AIRCRAFT ENGINE AND ENGINE PARTS MANUFACTURING)	\$2,794,719,899
336992 (MILITARY ARMORED VEHICLE, TANK, AND TANK COMPONENT MANUFACTURING)	\$2,448,633,829
336413 (OTHER AIRCRAFT PARTS AND AUXILIARY EQUIPMENT MANUFACTURING)	\$2,439,591,684
334220 (RADIO AND TELEVISION BROADCASTING AND WIRELESS COMMUNICATIONS EQUIPMENT MANUFACTURING)	\$2,120,552,646



# Small Business Emphasis Programs



- Historically Underutilized Business Zone (HUBZone)
- Small Disadvantage Business (SDB)
- Veteran-Owned and Service-Disabled Veteran-Owned Small Business (SDVOSB)
- Women-Owned Small Business (WOSB)
- Mentor-Protégé (MP)
- Small Business Innovation Research (SBIR)
- Native American Incentives (IIP)





# The Small Business Jobs Act of 2010

## September 27, 2010

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### **Strengthens Small Businesses' Ability to Compete for Contracts**

- ***Equal Treatment across Federal Contracting Programs***
  - “parity” among federal small business contracting programs
- ***Better Playing Field for Small Businesses – more accountability, integrity, transparency***
  - Increase agency accountability
  - Stronger subcontracting plan requirements for large primes
  - Continued efforts to combat fraud, waste, and abuse
- ***Small Business Teaming Opportunities***
  - \$10 million for a new pilot for small business teaming







## Guidance Roadmap

### Target Affordability and Control Cost Growth

- Mandate affordability as a requirement
  - At Milestone A set affordability target as a Key Performance Parameter
  - At Milestone B establish engineering trades showing how each key design feature affects the target cost
- Drive productivity growth through Will Cost/Should Cost management
- Eliminate redundancy within warfighter portfolios
- Make production rates economical and hold them stable
- Set shorter program timelines and manage to them

### Incentivize Productivity & Innovation in Industry

- Reward contractors for successful supply chain and indirect expense management
- Increase the use of FPIF contract type where appropriate using a 50/50 share line and 120 percent ceiling as a point of departure
- Adjust progress payments to incentivize performance
- **Extend the Navy's Preferred Supplier Program to a DoD-wide pilot**
- Reinvigorate industry's independent research and development and protect the defense technology base

### Promote Real Competition

- Present a competitive strategy at each program milestone
- Remove obstacles to competition
  - **Allow reasonable time to bid**
  - Require non-certified cost and pricing data on single offers
  - Require open system architectures and set rules for acquisition of technical data rights
- **Increase dynamic small business role in defense marketplace competition**

### Improve Tradecraft in Services Acquisition

- Create a senior manager for acquisition of services in each component, following the Air Force's example
- Adopt uniform taxonomy for different types of services
- Address causes of poor tradecraft in services acquisition
  - Assist users of services to define requirements and prevent creep via requirements templates
  - **Assist users of services to conduct market research to support competition and pricing**
  - Enhance competition by requiring more frequent re-compete of knowledge-based services
  - Limit the use of time and materials and award fee contracts for services
  - Require that services contracts exceeding \$1B contain cost efficiency objectives
- **Increase small business participation in providing services**

### Reduce Non-Productive Processes and Bureaucracy

- Reduce the number of OSD-level reviews to those necessary to support major investment decisions or to uncover and respond to significant program execution issues
- Eliminate low-value-added statutory processes
- Reduce by half the volume and cost of internal and congressional reports
- Reduce non-value-added overhead imposed on industry
- Align DCMA and DCAA processes to ensure work is complementary
- Increase use of Forward Pricing Rate Recommendations (FPRRs) to reduce administrative costs



## AT&L GUIDANCE

- ❑ Incentivize Productivity & Innovation in Industry
  - Extend Navy's Preferred Supplier Program To DoD-wide Pilot
- ❑ Promote Real Competition
  - Allow Reasonable Time To Bid
  - Increase Dynamic Small Business Role In Defense Marketplace Competition
- ❑ Improve Tradecraft In Services Acquisition
  - Assist Users Of Services To Conduct Market Research To Support Competition & Pricing
  - Increase Small Business Participation In Providing Services



# www.sellingtonavy.org



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### NAVY'S ELEVEN MAJOR CONTRACTING COMMANDS

- Headquarters, U.S. Marine Corps
- Marine Corps Systems Command
- Military Sealift Command
- Naval Air Systems Command
- Naval Facilities Engineering Command
- Naval Inventory Control Point
- Naval Sea Systems Command
- Naval Supply Systems Command
- Office of Naval Research
- Space and Naval Warfare

### BLUE COAST 09 CONFERENCE VIDEOS

1 2 3 4 5

#### What's New

##### Department of the Navy 4th Annual Navy Blue Coast Conference

May 11-13, 2010  
Virginia Beach Convention Center  
Virginia Beach, VA.

[Click Here to Register](#)

#### Director



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– in the final analysis  
this is what matters  
most.

